

Thank you for the opportunity to testify. I oppose WMATA's excessive reliance on fare increases to balance its proposed FY13 operating budget. For example, WMATA proposes to increase the peak fare from Shady Grove to Metro Center by 15%, from \$5 to \$5.75, or 20%, from \$5 to \$6. That would be an increase of approximately \$350 a year for the 15% increase or approximately \$465 a year for the proposed 20% increase.

Before WMATA looks externally for an additional \$66 million in revenues by increasing passenger fares such as above, I urge WMATA to look internally to reduce its high personnel costs -- particularly its pension costs. WMATA's budget documents show that pension costs would increase by nearly \$60 million from FY 12 to FY 13, consuming 90% of the increased revenues from raising fares.

WMATA needs to bend down the future pension cost curve by eliminating defined benefit pensions for new hires (Montgomery County did this in 1994; Ride-On bus drivers in Montgomery County and all non-public safety County employees hired after September 1994 are in a defined contribution plan, not much more expensive defined benefit pension plans). WMATA should consider requiring employees to contribute more of their salary to maintain a defined pension benefit (Montgomery County and the State of Maryland did this last year). And WMATA should end the irresponsible and very unusual practice of including overtime earnings in the calculation of pension benefits.

Personnel costs comprise 71% of WMATA's proposed operating budget, and proposed pension costs would comprise 14% (\$154.6 million) of WMATA's personnel costs (\$1.129 billion) in FY 13, an increase of \$59.7 million, according to Table 4-3 in the proposed FY13 WMATA budget. It is crucial that WMATA get a handle on spiraling pension costs before they crowd out even more of the operating budget and create additional pressure for fare increases or increased operating subsidies from local jurisdictions.

Thank you for the opportunity to testify.